

AMENDED IN ASSEMBLY MAY 24, 2010

AMENDED IN ASSEMBLY MAY 20, 2010

AMENDED IN ASSEMBLY APRIL 8, 2010

CALIFORNIA LEGISLATURE—2009–10 REGULAR SESSION

## **ASSEMBLY BILL**

**No. 2389**

---

---

**Introduced by Assembly Member Gaines**

February 19, 2010

---

---

An act to add Section 1367.49 to the Health and Safety Code, and to add Section 10133.64 to the Insurance Code, relating to health care coverage.

### LEGISLATIVE COUNSEL'S DIGEST

AB 2389, as amended, Gaines. Health care coverage: provider contracts.

Existing law, the Knox-Keene Health Care Service Plan Act of 1975, provides for the licensure and regulation of health care service plans by the Department of Managed Health Care. Existing law also provides for the regulation of health insurers by the Department of Insurance. Existing law prohibits a contract between a plan or insurer and a health care provider from containing certain terms.

This bill would prohibit a contract by or on behalf of a plan or insurer and a licensed hospital, as defined, or any other licensed health care facility, as defined, owned by a licensed hospital to provide inpatient hospital services or ambulatory care services to subscribers and enrollees of the plan or policyholders and insureds of the insurer from containing a provision that restricts the ability of the plan or insurer to furnish information to subscribers or enrollees of the plan or policyholders or insureds of the insurer concerning the cost *range* of procedures at the

hospital or licensed health care facility or the quality of services performed by the hospital or facility. The bill would make a contractual provision inconsistent with this requirement void and unenforceable.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 1367.49 is added to the Health and Safety  
2 Code, to read:

3 1367.49. (a) A contract issued, amended, renewed, or delivered  
4 on or after January 1, 2011, by or on behalf of a health care service  
5 plan and a licensed hospital or any other licensed health care  
6 facility owned by a licensed hospital to provide inpatient hospital  
7 services or ambulatory care services to subscribers and enrollees  
8 of the plan shall not contain any provision that restricts the ability  
9 of the health care service plan to furnish information to subscribers  
10 or enrollees of the plan concerning the cost *range* of procedures  
11 at the hospital or the licensed health care facility or the quality of  
12 services performed by the hospital or facility.

13 (b) Any contractual provision inconsistent with this section  
14 shall be void and unenforceable.

15 (c) For purposes of this section, the following definitions apply:

16 (1) “Licensed hospital” has the same meaning as set forth in  
17 Section 4028 of the Business and Professions Code.

18 (2) “Licensed health care facility” means any institution or  
19 health facility, other than a long-term health care facility as defined  
20 pursuant to Section 1418, licensed by the State Department of  
21 Public Health to deliver or furnish health care services.

22 (d) Section 1390 shall not apply for purposes of this section.

23 SEC. 2. Section 10133.64 is added to the Insurance Code, to  
24 read:

25 10133.64. (a) A contract issued, amended, renewed, or  
26 delivered on or after January 1, 2011, by or on behalf of a health  
27 insurer and a licensed hospital or any other licensed health care  
28 facility owned by a licensed hospital to provide inpatient hospital  
29 services or ambulatory care services to policyholders and insureds  
30 of the insurer shall not contain any provision that restricts the  
31 ability of the health insurer to furnish information to policyholders  
32 or insureds concerning the cost *range* of procedures at the hospital

1 or the licensed health care facility or the quality of services  
2 provided by the hospital or facility.

3 (b) Any contractual provision inconsistent with this section  
4 shall be void and unenforceable.

5 (c) For purposes of this section, the following definitions apply:

6 (1) “Licensed hospital” has the same meaning as set forth in  
7 Section 4028 of the Business and Professions Code.

8 (2) “Licensed health care facility” means any institution or  
9 health facility, other than a long-term health care facility as defined  
10 pursuant to Section 1418 of the Health and Safety Code, licensed  
11 by the State Department of Public Health to deliver or furnish  
12 health care services.

O